

# FINANCIAL LITERACY AMONG THE WOMEN SHG MEMBERS IN RURAL UDAIPUR REGION

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## ABSTRACT

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Financial Literacy alludes to the learning and abilities which an individual ought to have to settle on own and family related money decision and budgetary choices. The SHG members already has very few income sources yet come up short on the learning to put their savings into the right and high return instruments which would give them higher returns of lesser risks. The nonattendance of financial literacy can lead into settling of poor financial decisions that can significantly affect the money related strength of a person. This paper endeavours to think about the financial literacy of the SHG individuals in rural Udaipur locale. The most plausible components of financial literacy are financial knowledge, financial behaviour and budgetary attitude. The results of the research work demonstrated that greater part of the respondents could perform essential financial numerical practices however familiarity with financial products and services was normal. The financial behaviour of the SHG members was surveyed by assessing their method for managing dispensable cash. The respondents reflected uplifting frame of mind towards financial planning and tendency to put something aside for development.

**Keywords:** Financial Literacy, SHG, Financial Knowledge, Financial Behaviour, Risk, Return

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## INTRODUCTION

The nature and progress of financial literacy among the SHG members relies upon the stage of a rural area development. Financial Literacy alludes to the aptitudes and information that an individual has to settle on sound financial choices and decisions over the money for getting higher return advantages. In the present situation, where every common citizen has own choices of investment with few speculation decisions, it is basic that individual comprehends the nuances of the financial industry to settle on proper choices to meet his financial objectives.

According to PISA (2012) financial literacy is as follows: "Financial literacy is knowledge and understanding of financial concepts and risks, and the skills, motivation and confidence to apply such knowledge and understanding in order to make effective decisions across a range of financial contexts, to improve the financial well-being of individuals and society, and to enable participation in economic life".

Women, who are somewhat under 50 percent of the general population in this nation, are commonly under employed because of their limited power or control over income sources and regulating associations. Especially,

rural women face more noteworthy issues than their city alternatives with no wellspring of salary other than farming and allied farming activities. Self Help Groups are one very successful concept introduced to alleviate destitution and offering them advance quality life. SHG's are easygoing classes whose individuals have a typical comprehension of need and significance towards aggregate activity.

This paper endeavours to think about the financial literacy of the SHG individuals in rural Udaipur locale. The most plausible components of financial literacy are financial knowledge, financial behaviour and budgetary attitude.

## LITERATURE REVIEW

Zulfiqar M. (2015) led an examination on women's financial strengthening through financial proficiency and literacy, financial attitude and prosperity. The target of the examination is to survey the dimension of financial literacy, attitude and prosperity of working ladies and to look at the relationship between monetary proficiency, money related disposition, financial prosperity and financial strengthening of working ladies. Study is led on 300 working women of nonfinancial sector of Pakistan. The study found that the financial literacy, financial frame

of mind and financial prosperity are essentially and decidedly related with financial strengthening.

Pratisha (2015) endeavoured to assess the connection between women financial strengthening and financial incorporation and financial literacy. The investigation reasons that financial inclusion and financial proficiency is an incredible advance towards accomplishing women financial as well as overall empowerment and strengthening. Be that as it may, to accomplish this, the legislature needs to give a situation in which banks are allowed to rehearse the fundamental advancements to achieve the low salary women without losing their benefits.

Akshita Arora (2016) led an examination on Assessment of Financial Literacy among working Indian ladies; reason for the investigation was to evaluate the monetary proficiency dimension of ladies. The investigation was led on 700 working ladies of urban territories of Rajasthan among which just 444 ladies responded. Three parameters for example financial knowledge, financial conduct or behaviour and money related frame of mind were utilized to evaluate the dimension of monetary education and found that the general mindfulness about financial planning apparatuses and procedures among ladies stays poor. The examination reasoned that ladies are better as far as financial frame of mind and behaviour when contrasted with financial knowledge and information.

## METHODOLOGY

For the present research work research approach is increasingly far reaching as it endeavours to gauge the most likely measurements of financial literacy i.e. financial knowledge, financial behaviour and financial attitude. A structured questionnaire was given to the members of sampled SHGs of rural region of Udaipur district of Rajasthan. The sample selected was 125 SHG members out of which 100 SHG members responded to the questionnaire.

## FINDINGS AND INTERPRETATION

### Gender Distribution :

**Table 1: Gender Distribution of SHG members**

Gender	Frequency (N)	%
Male	45	45%
Female	55	55%

Source: Primary Data

Out of the 100 sampled SHG members, 55 were female SHG members and 45 were male SHG members.

## AGE DISTRIBUTION

**Table 2: Age Distribution of SHG members**

Age	Frequency (N)	%
< 35 Years	38	38%
> 35 Years	62	62%

Source: Primary Data

Out of the 100 sampled SHG members, 38 SHG members falling in the age group of < 35 years and remaining 62 were falling in the age group of greater than 35 years age group.

## EDUCATION DISTRIBUTION

**Table 3: Education Distribution of SHG members**

Educational Qualification	Frequency (N)	%
Illiterate	45	45%
Below Primary Level	32	32%
Below Secondary Level	18	18%
Higher to Secondary Level	5	5%

Source: Primary Data

Out of the 100 sampled SHG members, 45 SHG members illiterate, 32 SHG members were below primary level qualified, 18 SHG members were below secondary level qualified and remaining 5 were having higher qualifications than secondary level.

## MARITAL STATUS DISTRIBUTION

**Table 4: Marital Status Distribution of SHG members**

Marital Status	Frequency (N)	%
Married	72	72%
Unmarried	28	28%

Source: Primary Data

Out of the 100 sampled SHG members, 72 SHG members were married and remaining 28 were unmarried.

## AWARENESS AND INVESTMENTS IN FINANCIAL PRODUCTS

**Table 5: Awareness and Investments in Financial products of SHG members**

Marital Status	Awareness	Investment
Equity Shares	20	0
Mutual Fund	30	0
Fixed Deposits	65	12
Bank Savings	89	36
Bonds	5	0

Source: Primary Data

- Equity Shares: 80% of SHG members were unaware of equity shares only 20% SHG members showed their awareness for equity shares and out of them 0% having actual investment in equity share.
- Mutual Funds: 70% of SHG members were unaware of mutual funds only 30% SHG members showed their awareness for mutual funds and out of them 0% having actual investment in mutual funds.
- Fixed Deposits: 35% of SHG members were unaware of fixed deposits only 35% SHG members showed their awareness for fixed deposits and out of them 12% having actual investment in fixed deposits.
- Bank Savings: 11% of SHG members were unaware of bank savings 89% SHG members showed their awareness for bank savings and out of them 36% having actual investment in bank saving.
- Government Bonds: 95% of SHG members were unaware of government bonds only 5% SHG members showed their awareness for government bonds and out of them 0% having actual investment in bonds.

## FINANCIAL KNOWLEDGE

The financial knowledge of the sampled SHG members was tested by questions on basic principles of money. The sampled SHG members were asked to perform simple numerical financial tasks. Questions relating to the calculation of returns in form of interest on the investment

both in simple and compound were presented to the SHG members to check their financial knowledge inclusive of awareness for investment options.

- Financial dimensions and financial knowledge: It was observed that 20% was able to perform the Simple interest calculation and compound interest calculation. Remaining 80% SHG members showed inability to understand the questions and give the wrong answers to the numerical questions presented to them.

**Table 6: Financial dimensions and financial knowledge of SHG members**

Question	Solved By (N)	Unsolved By (N)
Simple Interest & Compound Interest	20 (20%)	80 (80%)
<b>Total</b>	<b>20</b>	<b>80</b>

Source: Primary Data

- Qualification level and financial knowledge: It was observed that sampled SHG members with higher qualifications were more knowledgeable in terms of financial understanding. However, it may be argued that qualification level and financial knowledge are independent. So, level of education has an impact on financial knowledge of the sampled SHG members.

## FINANCIAL BEHAVIOUR

**Table 7: Financial Behaviour of SHG members**

Financial Behaviour Variable	Frequency	%
Saving Habits	80	80%
Prepares Household Budget	60	60%
Spent Without Preparing Budget	40	40%
Did not borrow for Daily Expenses	90	90%

Source: Primary Data

The financial behaviour of the individuals was assessed by evaluating their way of dealing with money in their daily lives. 80% of the sampled SHG members show good saving habits. 60% of the sampled SHG members prepared their household budget and did timely monitoring. 40% of the sampled SHG members spent

without preparing any budget. 85% of the sampled SHG members evaluate the various investment options before investing their hard earned money. 90% of the sampled SHG members did not borrow for their daily expenses. These high scores reflect positive financial behaviour of the sampled SHG members. The sampled SHG members are concerned about their finances and are disciplined in their approach.

**Financial Attitude:** In the study two major variables which can depict the financial attitude of the SHG members were incorporated in the study that are belief of SHG member in financial planning and inclination to save.

**Table 8: Financial Attitude of SHG members**

<b>Belief in Financial Planning</b>	<b>Frequency</b>	<b>%</b>
Completely Agree	25	25%
Agree	29	29%
Neutral	12	12%
Disagree	10	10%
Completely Disagree	24	24%
<b>Inclination to Saving</b>	<b>Frequency</b>	<b>%</b>
Completely Agree	17	17%
Agree	28	28%
Neutral	22	22%
Disagree	15	15%
Completely Disagree	18	18%

Source: Primary Data

From the above table statistics revealed that it is seen that 54% of SHG members have a positive attitude towards financial planning and 45% SHG members have positive opinion and inclination to save.

## CONCLUSION

The above research work and frequency distribution analysis on the feedback given by the sampled SHG member for their financial literacy in rural Udaipur region is above not good but cannot stated as unsatisfactory. The most significant magnitude of financial literacy is financial knowledge, financial behaviour and financial attitude. It was observed that few of the SHG members were able to perform basic numerical questions related to interest calculation and SHG members' responses were found below average. Level of education also had an impact on financial knowledge. The financial attitude was assessed by measuring the SHG member's inclination to save, to consume and his financial planning. The respondents reflected positive attitude towards financial planning and inclination to save.

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